

**Erie County Department of Mental Health  
HUD Financial Work Group  
Summary Report**

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**Meeting Dates: December 12, 2003 and January 16, 2004**

**ECDMH Staff:** Don Dauman, John Grieco, & Rachel Gonsior

**Participating Agencies:**

Living Opportunities of DePaul, Transitional Services, Inc., Southern Tier Living Environments, Restoration Society, Spectrum Human Services, Cazenovia Recovery Systems, Lake Shore Behavioral Health, Housing Options Made Easy, AIDS Community Services

**Summary:**

The group was convened to review fiscal requirements related to the HUD Shelter Plus Care and Supportive Housing Grants. Each attending agency received the following materials:

- a. Fiscal guidelines from the HUD Desk Guide for S+C and SHP;
- b. Copies of the Federal Regulations CFR Title 24 Parts 582 and 583 outlining all S+C and SHP requirements;
- c. Summary reference table of appropriate cost allocations by budget line;
- d. Links to the HUD website for further information

The work group met on two occasions with the following intent:

- a. Resolve discrepancies regarding cost allocations in SHP and S+C programs;
- b. Review eligible administrative activities chargeable under HUD grants and the required documentation;
- c. Review eligible activities and documentation required to support matching services in S+C programs;

The following is a summary of the group's discussion and conclusions:

**1. Cost Allocations:**

All HUD guidelines were reviewed to assist agencies in interpreting the requirements regarding cost allocations for HUD grants. A summary reference table was distributed by the Department to help illustrate the proper allocation of each program cost to each budget line (an excel version of this reference table is attached to this notification). Programs were encouraged to review their current practices and work with the Department to rectify any discrepancies.

## **2. Administration & Overhead:**

The eligibility of administrative expenses under HUD funding requirements was thoroughly discussed. It was clarified that only a very narrow range of administrative activities is eligible for reimbursement under the HUD guidelines and that these activities differ between the S+C and SHP programs. A set of reference sheets was compiled by the Department for use by providers and distributed along with this summary. The need to maintain proper documentation of these costs and their method of allocation was stressed for all agencies. These methods could range from complex budget line item entries to time studies. Reasonable administrative expenses ineligible for reimbursement from HUD funding are eligible for reimbursement from ECDMH funding or other matching dollars.

In addition, the SHP programs were originally allocated matching funding from ECDMH in proportion to the required 20%/25% match for supportive services and operations. Since this limited the pool of funding available for A&OH and HUD funding was very restrictive on eligible administrative activities, the ECDMH is offering an additional 8% of current ECDMH matching dollars for SHP Programs to assist with overhead expenses for 2003 and 2004. Guidelines explaining the use of these dollars are included with this summary. S+C Programs require a supportive services match not a cash match and therefore may substitute ECDMH funding with community-based services in order to cover reasonable administrative charges and meet the match requirement.

## **3. Matching Activities:**

HUD guidelines were reviewed regarding eligible matching services that can be counted toward the S+C match requirement. Sample forms were distributed from the HUD website. It was highly recommended that each program implement a system of documenting service match in the client records. Sample forms offered a relatively simple system requiring staff to record the services received each month/quarter, and then calculate the match using prevailing reimbursement rates for each service. Most providers already received a sample form during the 2003 ECDMH site reviews.

## **4. HUD Monitoring Visit:**

The United States Department of Housing and Urban Development will be conducting a monitoring visit at ECDMH on May 5, 6, and possibly 7 of this year. Sponsor/Site visits will be part of this review. The ECDMH may or may not have any opportunity to select the sites. Any provider having concerns or schedule conflicts during this time period should notify the Department immediately. Providers are expected to have discussed any budget ramifications and implemented all necessary policies and procedures by the time of this review. Technical Assistance is available from the ECDMH.

At the sponsor/provider level, it is anticipated that HUD will focus on, but not be limited to the following:

- a. Documentation of homelessness and income eligibility
- b. Cost allocations and administrative charges
- c. APR data collection procedures
- d. Utilization rates
- e. Matching services documentation for S+C programs
- f. Documentation of provider services including admission determinations, annual housing inspections, annual rental stipend calculations and income verification
- g. Financial reporting systems

### **Next Steps:**

1. All providers are asked to examine their current budgets and cost allocation practices in light of the material discussed and distributed at this meeting. If any provider anticipates the need for a budget revision based on the conclusions of this work group or the need to adjust past claims due to significant errors in cost allocations or administrative charges, they should contact Don Dauman (858-6730) prior to February 16, 2004 to discuss a plan of corrective action.
2. All providers should insure that a reasonable system of policies and procedures is in place for determining eligible cost allocations and administrative charges for each of the S+C and SHP programs as well as documentation procedures for the matching supportive services requirement in S+C programs.
3. All providers should insure that a documentation system with policies and procedures is in place in S+C programs for the documentation of the supportive services match.
4. ECDMH will request agency participation in a work group later this year to complete the following tasks:
  - a. Discuss establishing an on-going HUD grant work group that would meet 1-3 times per year to share experiences, best practices and resolve questions, difficulties or other issues as they occur.
  - b. Develop a system for identifying and updating uniform rates of reimbursement to be used in the supportive services match calculation.
  - c. Discuss the possibility of developing a uniform system of documentation for admission, service planning, progress notes, homelessness/income verification, rental stipends and discharges.

## HUD INFORMATION

This information was distributed at the work group. Please contact the ECDMH if you need Additional copies.

### 1. Shelter Plus Care

Desk Guide Excerpts:

Section 2.1: Eligible Activities

Section 3.3: Unit Rents

Section 3.4: Calculating Tenant Rent Payments

Section 4.2: Providing Appropriate Services

Section 4.5: Documenting the Match

Full copy can be found at:

<http://www.hud.gov/offices/cpd/homeless/programs/splusc/index.cfm>

Full Copy of Federal Regulations - Title 24, Part 582

General information and an operations guide with sample forms can be found at:

<http://www.hud.gov/offices/cpd/homeless/library/spc/index.cfm>

### 2. Supportive Housing

Desk Guide Excerpts

Section D: Eligible Activities

Section K: Calculating Resident Rent

Complete copy can be found at:

<http://www.hud.gov/offices/cpd/homeless/library/shp/shpdeskguide/index.cfm>

Full Copy of Federal Regulations - Title 24, Part 583

General information and an operations guide with sample forms can be found at:

<http://www.hud.gov/offices/cpd/homeless/library/shp/index.cfm>

On-line copies of the federal regulations can be found at:

<http://www.hud.gov/offices/cpd/homeless/rulesandregs/regulations/index.cfm>

## Erie County Department of Mental Health

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### Guidelines for the Use and Cost Allocation of Administrative Dollars for HUD Shelter Plus Care Grants

Date Issued: January 15, 2004

#### **Shelter Plus Care Administrative Costs:**

**Percentage:** up to 8% of the HUD funding may be used for certain HUD approved administrative costs.

When completing claims, the 8% limit should be applied to the actual amount expended during the contract period.

**Underexpended funds and administrative costs:** Many programs expend less than the full grant amount for rental assistance because rents may be lower and/or the participant contribution may vary. When rental assistance is not fully expended an agency must insure there is sufficient documentation to support the full expenditure of administrative funds based on 8% of the total HUD funding.

**Overexpended funds and administrative costs:** Should a provider overexpend the original rental assistance amount such that less than 8% remains for administrative costs, the provider must find other resources to cover such costs.

#### **Allowable Costs:**

HUD funding **may be** used up to the limit stated above for the following administrative activities:

- a. Receiving new participants into the program
- b. Providing housing information and search assistance
- c. Determining participant income and rent contributions
- d. Inspecting units for compliance with Housing Quality Standards
- e. Processing rental payments to landlords

HUD funding **may not** be used for the following types of administrative activities:

- a. Costs of administering the grant
- b. Costs of preparing reports to HUD
- c. Costs associated with conducting audits of the grant

#### **Grant Savings:**

A provider may not fully expend the entire amount of rental assistance within a grant and this savings may be used for:

- a. Administrative costs as described above (up to the 8% limit)
- b. Repair damage to the units up to one months rent
- c. Cover rent increases up to locally determined reasonable rents
- d. Serve a greater number of participants

Note: none of these uses requires HUD pre-approval but notification should be made to the ECDMH.

**ECDMH Matching Dollars:** a portion of the ECDMH matching dollars provided for supportive services may be used for additional administrative costs other than or including those described above. This percentage should be determined through the ECDMH contract manager.

Please note that any ECDMH funds expended for administrative costs do not count toward the supportive services match. An agency must be able to demonstrate the ability to meet the 100% HUD match requirement with services from other sources.

## Erie County Department of Mental Health

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### Guidelines for the Use and Cost Allocation of Administrative Dollars for HUD Supportive Housing Grants

Date Issued: January 22, 2004

#### **Supportive Housing Programs:**

**Percentage:** up to 5% of the HUD funding may be used for certain HUD approved administrative costs.

When completing claims, the 5% limit should be applied to the actual amount expended during the contract period.

**Underexpended funds and administrative costs:** Many programs expend less than the full grant amount for rental assistance because rents may be lower and/or the participant contribution may vary. When rental assistance is not fully expended an agency must insure there is sufficient documentation to support the full expenditure of administrative funds based on 5% of the total HUD funding.

**Overexpended funds and administrative costs:** Should a provider overexpend the original rental assistance amount such that less than 5% remains for administrative costs, the provider must find other resources to cover such costs.

#### **Allowable Costs:**

HUD funding **may be** used up to the limit stated above for the following administrative activities:

- a. Preparation of Annual Progress Report (APR)
- b. Audit of supportive housing programs
- c. Staff time spent reviewing/verifying invoices for grant funds, drawing money from treasury and maintaining records of the use of the those funds
- d. Field office training on managing the grant

HUD funding **may not** be used for the following types of administrative activities:

- a. Preparation of the application/technical submission
- b. Conferences, fund raising activities, and training in professional fields (such as social work or financial management)
- c. Salary of the organization's executive director (except to the extent he/she is involved in carrying out eligible administrative functions as shown under eligible costs above)
- d. Costs of carrying out acquisition, rehabilitation, new construction, leasing, supportive services or operating costs

**ECDMH Administrative Funding:** In most cases, ECDMH is providing the required cash match of 20% of the supportive services budget and 25% of the operations budget. Use of these dollars for administrative costs would reduce the amount available to provide the cash match in the identified budget lines.

Therefore, the ECDMH will provide an additional 8% of the matching dollars to offset any administrative expenses not covered by HUD funding. This funding will be provided during funding year 2003, 2004 and thereafter contingent upon future State Aid allocations under **funding code 140S using program code 2820, Client Service Dollars** (OMH-Non ICM/SCM/ACT Service Dollars). Units of Service for this program code are not applicable for the purposes of the budget and the Attachment D.

**Implementation of Program Code 2820:** This funding **is not** eligible for administrative costs and therefore must be appropriated to the supportive service portion of the SHP budget. Thus, an equivalent amount of ECDMH reinvestment funding can then be shifted to cover the administrative costs not covered by HUD funding.

These dollars may be used for any service that addresses a recipient's basic need and assists them in living in the community. By definition then this funding is eligible to cover such expenses as:

Food, security deposits, lodging, respite, clothing, utility payments, medical care, transportation, crisis specialist, educational services, vocational services, leisure time activities.

**Note that the use of these dollars must be noted in and consistent with the Individual Service Plan.**